

Monte R. Lee and Company

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Marlene Dortch
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Connect America Fund, WC Docket, No. 10-90, National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92*

To the Commission:

Monte R. Lee and Company (MRL) hereby files this letter in the above-captioned dockets. We are a small business that assists rural telephone and broadband companies in obtaining funding and constructing loan and grant projects through the RUS/USDA Telephone Program, Broadband Program and ARRA BIP Programs. MRL also provides technical support to rural telecommunications providers and trade associations participating in these government funded projects. MRL remains deeply interested in the outcome of the above-captioned proceedings. Toward that end, MRL was encouraged by the Consensus Framework created by rural, mid-size, and large carriers that could serve as the basis for sensible, measured, and carefully calibrated USF and inter-carrier compensation (ICC) reforms.

Monte R. Lee and Company; however, is now gravely concerned that reported amendments to – or wholesale departures from – the Consensus Framework will wreak damaging impacts on incentives to deploy and maintain broadband networks in rural service areas. If the reported potential amendments are adopted, it is the opinion of MRL that investor discouragement will continue, if not increase, leading to depressed investment and resultant negative trends on broadband deployment Nationwide. These adverse repercussions will be visited not only upon rural telecommunications providers, but also upon consumers, as well as MRL and similarly-situated entities that are suppliers

to the telecommunications markets. Our company has clients who are delaying broadband project buildouts for fear that they will not be able to pay their RUS loans back. Conversely, the consumer electronics industry continues to roll out new broadband products that cannot be supported without sufficient infrastructure on which to operate. One example of this is the projected roll out of holographic video services in 2012 and the broadband applications that will continue to evolve from this.

In these regards, it is particularly important that the Commission refrain from adopting rules that affect investments retroactively. Doing so will shatter market confidence in the industry and devastate market trust in the regulatory process: investors will view regulatory structures as shifting, unstable, and unpredictable if retroactively applicable rules are adopted. No rational investor will direct capital to projects whose ability to recover costs and generate income is subject to retroactive fiat.

Moreover, the Commission must position USF affirmatively for the future. The Commission must avoid the temptation to bandage existing programs, leaving true reform for an undetermined future time. That approach would simply extend market overhang and threaten debilitating market uncertainty for rural telecommunications, rural America, and interdependent economic communities. If the Commission is not ready to adopt fully the RLEC portion of the Consensus Framework at this time, then it should, at the least, incorporate it as the primary path forward for reform in upcoming notices of proposed rulemaking.

For the reasons stated above, we urge the Commission to foster market certainty and avoid outcomes that will depress investor confidence and the resultant ability of rural telecommunications providers to deploy, maintain, and operate advanced networks. The Commission encouraged successfully the groundbreaking Consensus Framework, and yet appears to be departing in material respects from it. The Commission should proceed with caution in light of the broader ripple effects of reform throughout the economy, and should look above all else to ensure that reform does not undermine broadband deployment, investor and lender confidence, or the needs of consumers. The Commission should look back to the sensible and carefully constructed roadmap for reform set forth in the Consensus Framework in the closing days of its reform process.

Sincerely,



Gary Beikmann
General Manager